



WESTERN BULLDOGS

2011 FINANCIAL REPORT



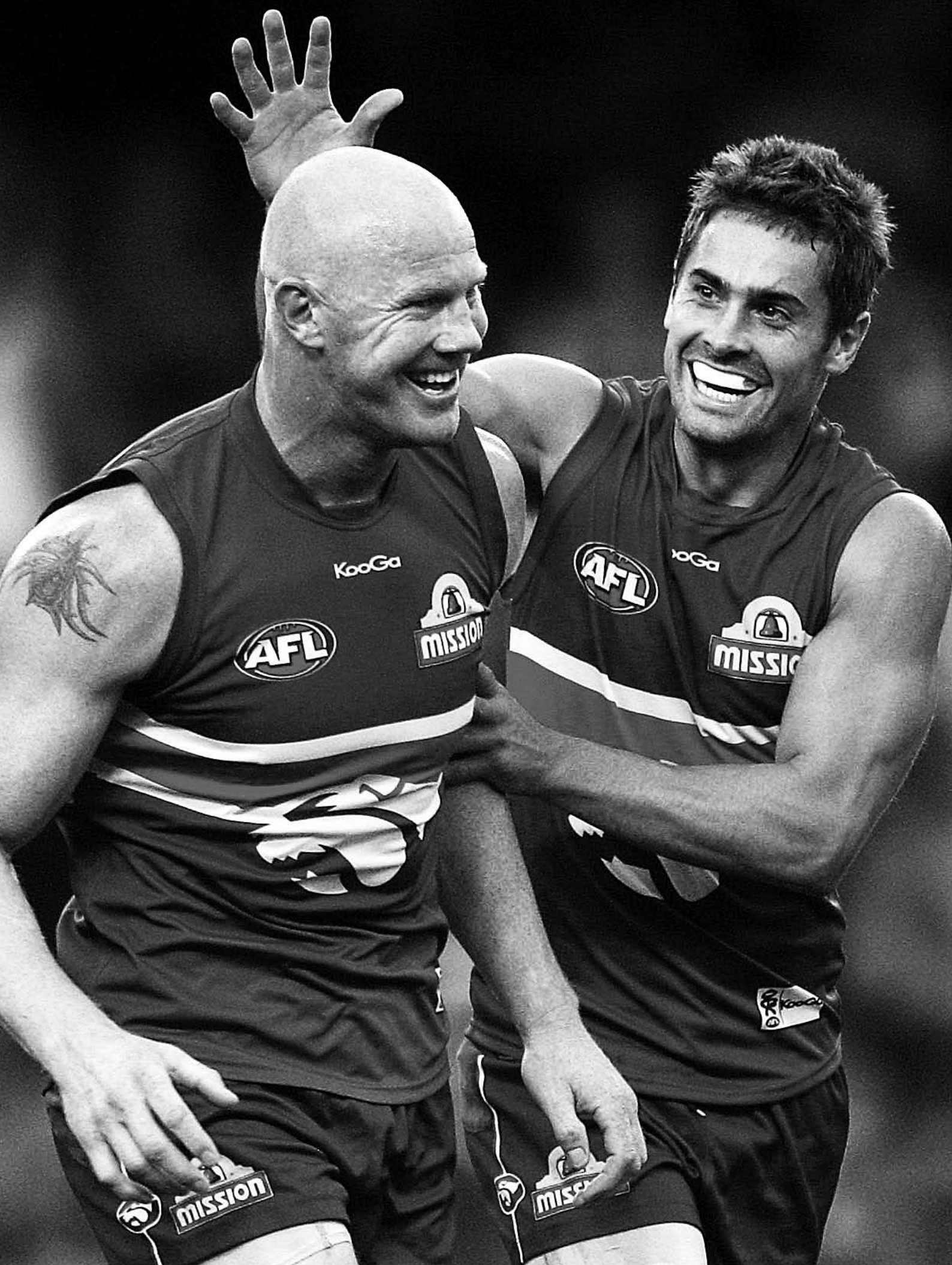




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DIRECTORS' REPORT

The directors present their report together with the financial report of Footscray Football Club Ltd trading as Western Bulldogs for the year ended 31 October 2011 and auditors report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

David Smorgon OAM

Ian Veal

Dr Susan Alberti AO HonLLD

George Pappas

Geoffrey Walsh AO

Henry Jolson QC

Gaye Hamilton

Barry Hall

Simon Garlick (Resigned 31 May 2011)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The operating result for the company for the year ended 31 October 2011 was a profit of \$121,762 (2010: \$288,184)

The net profit for the company for the year amounted to \$877,175 (2010: \$9,709,069). The club received grants and interest in relation the Whitten Oval Redevelopment of \$755,413 (2010: \$9,420,885)

| | 2011 | 2010 |
|-----------------------------|---------|-----------|
| | \$ | \$ |
| Operating result | 121,762 | 288,184 |
| Plus: Whitten Oval Receipts | 755,413 | 9,420,885 |
| Net Profit | 877,175 | 9,709,069 |

In the current financial year, the company received distributions from the AFL Annual Special Distribution fund of \$1,700,000 (2010: \$1,700,000)

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.



DIRECTORS' REPORT

Significant changes in state of affairs

Significant changes in the state of affairs of the company during the financial year, were as follows:

- As part of the company's collaborative partnership with RSL Victoria, the company acquired the Dromana-Red Hill RSL in December 2010. This venue has been refurbished and rebranded to The Peninsula Club. The acquisition was funded through additional borrowings. This new venue will provide social facilities on the Mornington Peninsula for all members and provides an additional revenue stream for the company.

Principal activities

The Footscray Football Club Limited trading as Western Bulldogs is a member of the the Australian Football League. The principal activity of the Company is the encouragement of sport and the playing of Australian Rules Football by competing in the Australian Football League competition and preserving and fostering the ideals, and community spirit of the Club.

No significant change in the nature of these activities occurred during the year.

Company performance

Season 2011 has seen the Western Bulldogs produce an operating profit before Whitten Oval redevelopment grants and interest of \$121,762 compared to a profit of \$288,184 in 2010.

Some of the key highlights for the year included:

Whitten Oval redevelopment

The Western Bulldogs are thrilled to have recently completed, and opened, the Whitten Oval Community Sports Hall – the final phase of the \$31 million redevelopment of Whitten Oval.

The Federal Minister for Health, and Bulldogs supporter, Nicola Roxon joined President David Smorgon to officially open the four-court indoor sports stadium in August, which will see 4,000 people through its doors each week.

The newest sporting asset to the West, the Sports Hall is the final component of the ambitious redevelopment of the once dilapidated Whitten Oval.

In contrast, Whitten Oval is now home to some of the leading community, commercial and elite training facilities in the competition including the Susan Alberti Community Childcare Centre, first class conference facilities, the Pound Café and of course, the state-of-the-art Mission Elite Learning Centre that enables our players to train and develop in an environment of excellence.

Membership

2011 resulted in the second highest membership total in Club history with 32,195 Members signing up to be a part of the Red, White and Blue.

EJ Whitten Social Club sold out for the second season in succession as did Reserved Seating on Level 2.

Our payment plan program, Bulldog for Life, continues to grow with 12,504 members now automatically renewed each year. This demonstrates that Members are taking advantage of spreading their payment over 12 months, while also having the certainty of maintaining their membership benefits year in, year out.



DIRECTORS' REPORT

2012 will see a major change in the operation of Bulldogs membership, with the return of the customer service team to Whitten Oval.

A major focus on increasing levels of customer service, coupled with increased utilisation of technology will see our dedicated Members and Fans experience greater personal service and levels of care in Season 2012.

Consumer Products

Season 2011 was a challenging year for Consumer Products.

A combination of a slowdown in retail spending throughout the economy and a drop in on-field success presented a challenging landscape.

2012 brings a new set of opportunities highlighted by the change in Guernsey. An on-line vote resulted in Members and Fans voting for change, hence 2012 will see the return of the hoops!

Early indications are for a strong surge in Consumer Products for 2012.

Events

In 2011 we have delivered some successful Club events which have been well supported by Western Bulldogs Fans and Members.

Our annual Community Festival and Family Day at Whitten Oval, which kicked off the year, was well attended, despite some unfortunate bad weather keeping numbers down on previous years. The event, attended by Western Bulldog Number One Ticket holder, and Prime Minister, Julia Gillard, is rapidly becoming a favourite in the West.

The Western Bulldogs' Season Launch at Crown Palladium, one of the marquee Bulldog events of Season 2011, was once again a big hit with Members and Fans with almost 1,000 Bulldog faithful getting behind the Club as we embarked upon Season 2011.

As the season got underway, a very special event was held at Whitten Oval in April where over 100 of our supporters gathered for the Red, White & Blue Ribbon event. This event was a huge success, raising \$1 million, before costs to go towards the Club's Bulldoze the Debt campaign.

Following on from the success of last year's inaugural Hall of Fame dinner, this year we held the Superstars of Whitten Oval event to recognise some of our Club's great moments and champions and to also support the Bulldoze the Debt campaign. Over 700 people attended this popular mid-season event which saw the 1989 Fight Back Rally announced as the number one Whitten Oval moment as voted by Bulldog Members and Fans.

The footy year ended with the Charles Sutton Medal (Best & Fairest) which was well attended despite a challenging year on-field. Around 850 witnessed Matthew Boyd being crowned the Charles Sutton Medallist for a second time and also heard from new Bulldogs Senior Coach, Brendan McCartney for the first time.

Over the year the Club ran a number of corporate, community and social events which were all well received and attended by Members and Fans. A popular addition back on the events calendar was the Inside the Kennel nights held at the Pound Café.



DIRECTORS' REPORT

Away from the Club's own events, the conference rooms at Whitten Oval have increasingly come to life with many local businesses taking up the opportunity to utilise the state of the art facilities including NSCA, Olex, GUD, Victoria University and many more. The Events Team are continuing to work hard to ensure our fantastic facilities are accessible to the West community.

SpiritWest Services

In 2011 the Western Bulldogs further confirmed our reputation as the Community Club of the AFL following our announcement of the first ever multicultural sponsorship in the AFL. This partnership with Programmed is an acknowledgment of the outstanding work that the Club has done over a number of years with new and emerging communities in the West, particularly through our Settlement Grants Program and involvement in AFL Multicultural Programs.

2011 also saw the formalisation of an education and training partnership with Victoria University that now sees our VCAL and training programs delivered under auspice from Victoria University. This partnership with Victoria University will create exciting pathways for further education and training for our students.

During the year SpiritWest Services also successfully received new grants from Adult, Community and Further Education (ACFE) and the Federal Attorney-General's Department to further its capacity building work in the Western Region through skill building and mentoring programs.

The Western Bulldogs would like to acknowledge the support of its Community Partners, Olex, Programmed, Macquarie Sports and Qenos.

Business Development

2011 was a mixed year for the Business Development Team. Three year extensions to both our Major Partnership with Mission Foods, and our Premier partnership with WorkSafe represented a significant coup for the Club. We are thrilled to be able to work with such great brands - both sharing very similar values to that of our Club.

Alternatively it has been a tough year from a corporate hospitality point of view, a poor corporate draw coupled with a poor on-field performance by the team, impacting on our capacity to deliver our desired result. With a strong corporate draw next season, including home night games against Collingwood, Geelong, Carlton and St Kilda, the Club is confident that this area of the business will rebound along with the on-field performance of the team in 2012.

Entertainment Venues (Hospitality)

To enable the Club to provide high-quality social facilities for our Members and guests and to continue to invest in its community activities, the Club embarked on a significant project to lease a new \$25 million Edgewater social venue. We are pleased that during 2011, we received all the approvals to commence construction of this venue.

Consisting of a large restaurant, members bar, function rooms, gaming lounge and accommodation, we are currently working with the developer and builder to commence works and are working hard to have the venue ready to open in late 2012. This venue will replace the Whitten Oval social venue which was demolished as part of the major redevelopment.

During late 2010, the Club also purchased the land and buildings of the Dromana-Red Hill RSL and over the past year, we have refurbished and renamed it as The Peninsula Club. The venue is another community club for everyone who lives, works and visits the Mornington Peninsula.



DIRECTORS' REPORT

The Club continues to operate a social venue, Club Leeds in Footscray, which again provides an alternative facility for a range of members.

Communications

In an ever transforming media environment the Western Bulldogs have continued to maximising media coverage and expanding our social and digital media capacity.

Following on from the Club's launch of official fan pages on Facebook and Twitter in 2010, the Western Bulldogs have more than doubled our social media followers from 20,000 to over 40,000 in just 12 months.

Our commitment to producing engaging video content on www.westernbulldogs.com.au has helped the Club maintain strong numbers of unique visitors and page views. Considerable progress has also been made in content production for the Western Bulldogs' digital assets. The commencement of the Club's Digital Marketing Co-ordinator in August 2011 – a newly created position - has seen the Club move from 15th to 8th in the AFL for monthly video views in the second half of the year.

Despite a challenging year, the Club's relationship with the media continued to stay strong in 2011.

Fan Development

2011 has seen significant growth in our investment in Fan Development to ensure Members and Fans are a strategic priority as the Club looks to grow its fan base and continue to improve our engagement with current members and supporters.

Our flagship junior program, Bulldog Friendly Schools continues to go from strength to strength with 4,000 students from across the West now experiencing our unique curriculum delivered in partnership with Victoria University and AFL Victoria. Focused on helping kids develop an active lifestyle and learn core values of leadership, respect, fair play, harmony and teamwork, Bulldogs Friendly Schools will continue to be rolled out to additional schools in 2012.

Important steps were also taken in 2011 to improve the match day experience for Bulldogs Members and Fans, none more so than building a "home ground" feel at Etihad Stadium. The "Footscray End" was the place for Bulldogs fans to meet and enjoy the pre-game Kids Zone and in-stadium imagery of Bulldogs legends past and present. In addition, the Bulldogs Backyard program, funded by the generous donations of members and corporate partner Victoria University, continued to provide a range of multi-cultural community groups, schools and other educational institutions with access to match days.

Our on-line channels continued to provide Members and Fans with both a unique and previously unseen view of the Club and a mechanism for supporters to initiate conversations with each other and voice their thoughts and opinions. The success of our on-line engagement was demonstrated when over 4,000 Members and Fans voted on-line for our new jumper which will be worn by the team next year.

As we head into Season 2012, the Club will embark upon its most ambitious and strategic execution of Fan Development initiatives to date. Maintaining a focus on growing the fan base through programs tailored to the next generation of support, as well as creating innovative activities to engage supporters of all ages, on and off-line, will be at the centre of our drive to service and expand the passionate support for the Bulldogs.



DIRECTORS' REPORT

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years are as follows:

- Subsequent to year end the Western Bulldogs have received confirmation that they will receive total assistance from the AFL of \$2.87 million from the New Club Future Fund which is predominately tagged to specific initiatives. This replaces the Annual Special Distribution previously received from the AFL. This is to be paid during the 2012 financial year subject to certain criteria being met.

Likely developments

The likely developments in the operations of the company and the expected results of those operations in subsequent financial years are as follows:

- The company is in the process of formalising agreements for the leasehold of the Edgewater development in Maribynong which will see the company operate the venue for the a period of 10 years upon completion of the development which is expected in late 2012.



DIRECTORS' REPORT

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors

David Smorgon OAM

Experience

President and Chairman
Director, Generation Investments Pty Ltd
Governor, Sony Foundation of Australia

Ian Veal

Qualifications

Vice President and Finance Director
Bachelor of Business (RMIT)
Post Graduate Business (Swinburne)
Advance Management Program (Harvard University)

Experience

Fellow, Australian Society of Practicing Accountants
Associate, Institute of Corporate Managers, Secretaries and Administrators
Member, Australian Institute of Company Directors
Director, National Board of the Salvation Army Employment Plus

Dr Susan Alberti AO

HonLLD

Experience

Forever Foundation
Managing Director, Dansu Group
National President, Juvenile Diabetes Research Foundation
Director, Juvenile Diabetes Research Foundation International Board of Chancellors
Director, Western Bulldogs Forever Foundation Ltd
Director, GoldAge Pty Ltd
Foundation Chair, St Vincent's Institute of Medical Research
Director, St Vincent's Institute of Medical Research
Member of the Advisory Group for the Australian Community Centre for Diabetes in alliance with Victoria University, Western Health and the International Diabetes Institute
International Patron of the Juvenile Diabetes Research Foundation
Director, Click Foundation (Epilepsy)
Director, Victoria University Foundation
Member of the Australia Day Committee (Victoria)
Member of Australian Institute of Company Directors
Chair of the Susan Alberti Charitable Foundation
Director, Western Health Foundation

George Pappas

Qualifications

Planning and Strategy
Bachelor of Economics (Monash University)
MBA (Harvard Business School)

Experience

Senior Advisor, The Boston Consulting Group
Chairman, Committee for Melbourne
Chairman, Defence Strategic Reform Advisory Board
Chairman, Energy Matters Pty Ltd
Chancellor, Victoria University



DIRECTORS' REPORT

Information on Directors (Continued)

Geoffrey Walsh AO

Qualifications

Experience

Government Relations
Bachelor of Arts (La Trobe University)
Special Advisor to CEO, BHP Billiton
Former National Secretary, Australian Labour Party
Former Chief of Staff to Premier Steve Bracks & Prime Minister Paul Keating
Australian Consul General Hong Kong 1995-1998
Board Member, Andrology Australia
Chair, La Trobe University Football Club Alumni Foundation
Officer of the Order of Australia (2005)

Henry Jolson QC

Qualifications

Experience

Legal
Bachelor of Law (Monash University)
Bachelor of Economics (Monash University)
Queens Counsel
Director, Laza Mayer Pty Ltd
Director, J Kornhauser Investments Pty Ltd
Director, LM Superfund Pty Ltd
Director, 271 Collins Pty Ltd
Judge Arbitrator International Court of Arbitration for Sport (Switzerland)
Conciliator, International Council for the Settlement of Investment Disputes (Washington)
Nationally Accredited Mediator and Grade 1 Arbitrator
Institute of Arbitrators and Mediators Australia

Gaye Hamilton

Qualifications

Experience

SpiritWest Services
Bachelor of Science Education (Melbourne)
Director, Queen Victoria Women's Centre Trust
Director, Seaworks Foundation
Director, Zoological Parks & Gardens Board
Director, State Sports Centre Trust
Director, People & Parks Foundation

Barry Hall

Experience

Whitten Oval Redevelopment
Director, W J Drever Pty Ltd
Director, Australian Quality Pre-Packed Meats Pty Ltd
Director, Barato Pty Ltd
Director, Creswick Supermarkets Pty Ltd
Director, Echuca-Moama Syndicate Pty Ltd
Director, Hall Management Services Pty Ltd
Director, Hanleigh Pines Pty Ltd
Director, Langford Property Group Pty Ltd
Director, Meanan Pty Ltd
Director, Proclam Pty Ltd
Director, Sundance Land Holdings Pty Ltd
Director, River Gum on the Murray Pty Ltd
Director, BRH Nominees Pty Ltd



DIRECTORS' REPORT

Information on Directors (Continued)

Meetings of directors

| Directors | Directors' meetings | |
|----------------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| David Smorgon OAM | 11 | 10 |
| Ian Veal | 11 | 11 |
| Dr Susan Alberti AO HonLLD | 11 | 10 |
| George Pappas | 11 | 8 |
| Geoffrey Walsh AO | 11 | 11 |
| Henry Jolson QC | 11 | 9 |
| Gaye Hamilton | 11 | 9 |
| Barry Hall | 11 | 11 |
| Simon Garlick | 6 | 6 |

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the group.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against a liability incurred as such a director or employee to the extent permitted by the Corporations Act 2001.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.



DIRECTORS' REPORT

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to be 'David Smorgon', written over a horizontal line.

Director:

David Smorgon OAM

A handwritten signature in black ink, appearing to be 'Ian Veal', written over a horizontal line.

Director:

Ian Veal

Dated this 22nd day of November 2011



AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Footscray Football Club Limited trading as Western Bulldogs

In relation to the independent audit for the year ended 31 October 2011, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.
- (ii) No contraventions of any applicable code of professional conduct.

P A JOSE

Partner

22 November 2011

PITCHER PARTNERS

Melbourne



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | Note | 2011 \$ | 2010 \$ |
|---------------------------------------|------|-----------------------|-------------------------|
| Revenue | | | |
| Revenue from Operating Activities | 3(a) | 31,697,617 | 32,053,378 |
| Revenue from Non Operating Activities | 3(b) | <u>755,413</u> | <u>9,420,885</u> |
| | 3 | <u>32,453,030</u> | <u>41,474,263</u> |
| Less: expenses | | | |
| Administration expenses | | (4,298,209) | (4,781,378) |
| Business Development expense | | (2,624,879) | (2,798,449) |
| Membership Expense | | (2,347,841) | (2,514,266) |
| Hospitality Expense | | (2,882,514) | (2,365,483) |
| Event Expenses | | (872,050) | (1,014,489) |
| Consumer Products Expense | | (1,382,228) | (1,570,106) |
| SpiritWest Expense | | (1,325,043) | (1,265,030) |
| Communication Expense | | (563,544) | (489,706) |
| Football Department Expense | | (14,694,994) | (14,535,856) |
| Borrowing costs | 4 | <u>(584,553)</u> | <u>(430,431)</u> |
| | | <u>(31,575,855)</u> | <u>(31,765,194)</u> |
| Profit for the year | | 877,175 | 9,709,069 |
| Total comprehensive income | | <u><u>877,175</u></u> | <u><u>9,709,069</u></u> |

The accompanying notes form part of these financial statements.



**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2011**

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|-------------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 6 | 1,236,747 | 3,368,170 |
| Receivables | 7 | 1,483,100 | 1,996,995 |
| Inventories | 8 | 506,362 | 598,741 |
| Other assets | 11 | <u>444,938</u> | <u>216,784</u> |
| Total current assets | | <u>3,671,147</u> | <u>6,180,690</u> |
| Non-current assets | | | |
| Intangible assets | 10 | 850,334 | 369,598 |
| Property, plant and equipment | 9 | <u>33,149,599</u> | <u>29,909,966</u> |
| Total non-current assets | | <u>33,999,933</u> | <u>30,279,564</u> |
| Total assets | | <u>37,671,080</u> | <u>36,460,254</u> |
| Current liabilities | | | |
| Payables | 12 | 7,447,462 | 7,806,649 |
| Borrowings | 13 | 5,850,000 | 5,100,000 |
| Provisions | 14 | 497,530 | 457,062 |
| Income received in advance | 15 | <u>36,775</u> | <u>104,686</u> |
| Total current liabilities | | <u>13,831,767</u> | <u>13,468,397</u> |
| Non-current liabilities | | | |
| Payables | 12 | 416,290 | 416,290 |
| Provisions | 14 | <u>58,830</u> | <u>88,549</u> |
| Total non-current liabilities | | <u>475,120</u> | <u>504,839</u> |
| Total liabilities | | <u>14,306,887</u> | <u>13,973,236</u> |
| Net assets | | <u>23,364,193</u> | <u>22,487,018</u> |
| Equity | | | |
| Retained earnings | 16 | <u>23,364,193</u> | <u>22,487,018</u> |
| Total equity | | <u>23,364,193</u> | <u>22,487,018</u> |

The accompanying notes form part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | Retained earnings \$ | Total equity \$ |
|--|-------------------------------------|----------------------------|
| Balance as at 1 November 2009 | 12,777,949 | 12,777,949 |
| Profit for the year | <u>9,709,069</u> | <u>9,709,069</u> |
| Total comprehensive income for the year | <u>9,709,069</u> | <u>9,709,069</u> |
| Balance as at 31 October 2010 | <u>22,487,018</u> | <u>22,487,018</u> |
| Balance as at 1 November 2010 | 22,487,018 | 22,487,018 |
| Profit for the year | <u>877,175</u> | <u>877,175</u> |
| Total comprehensive income for the year | <u>877,175</u> | <u>877,175</u> |
| Balance as at 31 October 2011 | <u>23,364,193</u> | <u>23,364,193</u> |

The accompanying notes form part of these financial statements.



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | Note | 2011 \$ | 2010 \$ |
|--|------|--------------------|--------------------|
| Cash flow from operating activities | | | |
| Receipts from customers and the Australian Football League | | 34,194,466 | 34,888,243 |
| Whitten Oval redevelopment grants received | | 744,561 | 9,402,880 |
| Payments to suppliers and employees | | (32,596,993) | (31,314,067) |
| Interest paid | | (426,613) | (430,431) |
| Interest received | | 63,096 | 66,791 |
| Net cash provided by operating activities | | <u>1,978,517</u> | <u>12,613,416</u> |
| Cash flow from investing activities | | | |
| Payment for gaming entitlements deposit | | (33,921) | (208,146) |
| Proceeds from sale of plant and equipment | | 37,213 | - |
| Payment for property, plant and equipment | | (4,413,232) | (1,701,348) |
| Payment for redevelopment costs | | - | (2,528,762) |
| Payment for intangible assets | | (450,000) | - |
| Net cash used in investing activities | | <u>(4,859,940)</u> | <u>(4,438,256)</u> |
| Cash flow from financing activities | | | |
| Repayment of finance lease | | - | (35,340) |
| Repayment of commercial bill | | (750,000) | (7,500,000) |
| Other payables | | - | 416,290 |
| Proceeds from drawdown of borrowings | | 1,500,000 | - |
| Net cash provided by / (used in) financing activities | | <u>750,000</u> | <u>(7,119,050)</u> |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 3,368,170 | 2,312,060 |
| Net increase / (decrease) in cash held | | <u>(2,131,423)</u> | <u>1,056,110</u> |
| Cash at end of financial year | | <u>1,236,747</u> | <u>3,368,170</u> |

The accompanying notes form part of these financial statements.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for the entity Footscray Football Club Ltd trading as Western Bulldogs as an individual entity. Footscray Football Club Ltd trading as Western Bulldogs is a company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

As at 31 October 2011, the Western Bulldogs has a current asset deficiency of \$10,160,620. This gives rise to significant uncertainty about the ability of the company to continue to operate as a going concern.

The directors of the company are satisfied that the going concern basis is appropriate due to the following:

- The company has continued to receive ongoing financial support from the AFL. Subsequent to year end the Western Bulldogs have received confirmation that they will receive total assistance from the AFL of \$2.87 million from the New Club Future Fund which is predominately tagged to specific initiatives. This replaces the Annual Special Distribution previously received from the AFL. This is to be paid during the 2012 financial year subject to certain criteria being met.
- The AFL have provided a bank guarantee totalling \$5 million to the company's bankers as security for the current borrowing facilities. This guarantee has been provided through to the next review date and the directors have the expectation that this guarantee will be extended by the AFL.

The appropriateness of adopting the going concern basis of accounting is dependent on the company being able to generate sufficient funds through membership, gate receipts, sponsorship, fundraising and other revenue streams to continue to fund its operations, in addition to receiving financial support from the AFL.

If the going concern basis is found to no longer be appropriate, the recoverable amount of assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected in the Statement of Financial Position.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

AFL Distribution and prize money

AFL distributions and prize money revenue is recognised as it is received.

Membership and match day revenue

Membership income is recognised in the relevant AFL season. Match day revenue is recognised at the conclusion of each AFL home game.

Sponsorship

Marketing and sponsorship income is recognised when amounts are due and payable in accordance with the terms of and conditions of the sponsorship contract.

Donations

Revenue from donations is recognised when received.

Gaming and function revenue

Sales comprise revenue earned from gaming machines and provision of food and beverages and is recognised on an accruals basis.

Grants

Grant revenue is recognised in the statement of comprehensive income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purpose, it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Rental

Rent revenue is recognised on a straight-line basis over the rental term.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimate selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(f) Financial instruments

Classification

The company classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any). After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Property is measured on a cost basis.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|------------------------------------|---------------------------|---------------------------|
| Land and buildings at cost | 2.5% | Straight line |
| Leasehold improvements at cost | 2.5%-20% | Straight line |
| Plant and equipment at cost | 5%-40% | Straight line |
| Leased plant and equipment at cost | 20% | Straight line |

(h) Intangibles

Goodwill

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gaming Entitlements

Gaming entitlements acquired are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful economic lives.

Gaming entitlements are currently representative of a deposit for an intangible asset with a finite useful life of 10 years commencing 14 August 2012.

Lease acquisition costs

Lease acquisition costs are recognised at cost of acquisition. Lease acquisition costs have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Lease acquisition costs are amortised over the initial term of the lease.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

As a result of a Federally certified long service leave agreement between the players and the Australian Football League, the company has no obligation for long service leave benefits to players.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any deferred consideration payable is discounted to present value using the company's incremental borrowing rate.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(p) Annual Special Distribution

The AFL has committed to supporting the company in the 2012 financial year with a payment of \$2.87million from the new Club Future Fund. This replaces the AFL's annual special distribution (2010: \$1.7million)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on current financial forecasts and projected cash flows approved by management. Management's determination of cash flow projections are based on past performance and its expectation for the future.

NOTE 3: REVENUE

(a) Revenue from operating activities

| | | |
|-----------------------------------|-------------------|-------------------|
| AFL sourced income | 6,882,000 | 6,629,496 |
| AFL - annual special distribution | 1,700,000 | 1,698,000 |
| AFL prize money | - | 480,000 |
| Gate receipts/match returns | 1,352,808 | 2,301,859 |
| Communications | 1,251,855 | 1,048,417 |
| Business Development | 5,807,508 | 6,484,735 |
| Membership | 5,359,902 | 5,899,076 |
| Hospitality | 3,770,594 | 2,940,116 |
| Events and fundraising | 1,851,664 | 1,290,620 |
| Consumer products | 1,392,135 | 1,628,919 |
| SpiritWest services | 1,469,459 | 1,453,535 |
| Other income | <u>859,692</u> | <u>198,605</u> |
| | <u>31,697,617</u> | <u>32,053,378</u> |

(b) Revenue from non operating activities

| | | |
|-----------------------------------|----------------|------------------|
| Whitten Oval redevelopment grants | 744,561 | 9,402,880 |
| Interest on redevelopment monies | <u>10,852</u> | <u>18,005</u> |
| | <u>755,413</u> | <u>9,420,885</u> |

| | | |
|---------------|--------------------------|--------------------------|
| Total revenue | <u><u>32,453,030</u></u> | <u><u>41,474,263</u></u> |
|---------------|--------------------------|--------------------------|

NOTE 4: OPERATING PROFIT

Profit for the year has been determined after:

| | | |
|---|-----------|---------|
| Depreciation | 1,133,878 | 898,482 |
| Amortisation | 3,185 | 10,323 |
| Impairment losses - trade and other receivables | (33,829) | 46,040 |
| (Gain)/loss on disposal of non current assets | (31,606) | 48,895 |
| Interest expense | 584,553 | 430,431 |
| Rental expense on operating leases | 481,962 | 669,187 |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 | 2010 |
|--|-------------|-------------|
| | \$ | \$ |

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

| | | |
|--|------------------|------------------|
| Compensation received by key management personnel of the company | <u>1,409,648</u> | <u>3,102,569</u> |
|--|------------------|------------------|

NOTE 6: CASH AND CASH EQUIVALENTS

| | | |
|--|------------------|------------------|
| Cash on hand | 101,332 | 383,821 |
| Cash at bank | 1,135,415 | 1,500,979 |
| Cash at bank held for Whitten Oval Redevelopment | <u>-</u> | <u>1,483,370</u> |
| | <u>1,236,747</u> | <u>3,368,170</u> |

NOTE 7: RECEIVABLES

CURRENT

| | | |
|-------------------|------------------|------------------|
| Trade debtors | 1,187,707 | 1,735,060 |
| Impairment loss | <u>(12,211)</u> | <u>(46,040)</u> |
| | 1,175,496 | 1,689,020 |
| Other receivables | <u>307,604</u> | <u>307,975</u> |
| | <u>1,483,100</u> | <u>1,996,995</u> |

Impairment of trade receivables

Trade receivables are non interest bearing with 30 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within administration expenses in the statement of comprehensive income. All trade receivables that are not impaired are expected to be received within trading terms.

Movements in the accumulated impairment losses were:

| | | |
|--------------------------------|-----------------|---------------|
| Opening balance at 1 November | 46,040 | 4,213 |
| Charge/(reversal) for the year | <u>(33,829)</u> | <u>41,827</u> |
| Closing balance at 31 October | <u>12,211</u> | <u>46,040</u> |

NOTE 8: INVENTORIES

CURRENT

At cost

| | | |
|---------------------------|----------------|----------------|
| Bulldogs Shop Merchandise | 479,954 | 581,247 |
| Food and liquor | <u>26,408</u> | <u>17,494</u> |
| | <u>506,362</u> | <u>598,741</u> |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 | 2010 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| At cost | 542,695 | - |
| Accumulated depreciation | <u>(11,895)</u> | <u>-</u> |
| | <u>530,800</u> | <u>-</u> |
| Whitten Oval and leasehold improvements | | |
| At cost | 32,847,715 | 29,875,068 |
| Accumulated depreciation | <u>(2,019,449)</u> | <u>(1,173,110)</u> |
| | <u>30,828,266</u> | <u>28,701,958</u> |
| Plant and equipment | | |
| Plant and equipment at cost | 2,722,036 | 2,029,215 |
| Accumulated depreciation | <u>(1,235,360)</u> | <u>(1,107,902)</u> |
| | 1,486,676 | 921,313 |
| Leased plant and equipment at cost | 95,649 | 95,649 |
| Accumulated depreciation | <u>(90,692)</u> | <u>(82,197)</u> |
| | 4,957 | 13,452 |
| Whitten Oval Redevelopment costs | - | 109,303 |
| Leasehold capitalised costs | 305,394 | 169,778 |
| Accumulated amortisation | <u>(6,494)</u> | <u>(5,838)</u> |
| | <u>298,900</u> | <u>163,940</u> |
| Total plant and equipment | <u>1,790,533</u> | <u>1,208,008</u> |
| Total property, plant and equipment | <u><u>33,149,599</u></u> | <u><u>29,909,966</u></u> |

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Land and buildings

| | | |
|-------------------------|-----------------------|-----------------|
| Opening carrying amount | - | - |
| Additions | 542,695 | - |
| Depreciation expense | <u>(11,895)</u> | <u>-</u> |
| Closing carrying amount | <u><u>530,800</u></u> | <u><u>-</u></u> |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 \$ | 2010 \$ |
|--|-------------------|-------------------|
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | |
| (a) Reconciliations (Continued) | | |
| <i>Whitten Oval and leasehold improvements</i> | | |
| Opening carrying amount | 28,701,958 | 20,574,507 |
| Additions | 2,863,344 | 1,259,426 |
| Disposals | - | (38,635) |
| Depreciation expense | (846,339) | (737,186) |
| Transfers from Whitten Oval Redevelopment costs | 109,303 | 7,643,846 |
| Closing carrying amount | <u>30,828,266</u> | <u>28,701,958</u> |
| <i>Plant and equipment</i> | | |
| Opening carrying amount | 921,313 | 742,387 |
| Additions | 871,577 | 333,445 |
| Disposals | (39,721) | (10,260) |
| Depreciation expense | (266,493) | (144,259) |
| Closing carrying amount | <u>1,486,676</u> | <u>921,313</u> |
| <i>Leased plant and equipment</i> | | |
| Opening carrying amount | 13,452 | 30,599 |
| Depreciation expense | (8,495) | (17,147) |
| Closing carrying amount | <u>4,957</u> | <u>13,452</u> |
| <i>Whitten Oval Redevelopment costs</i> | | |
| Opening carrying amount | 109,303 | 5,115,089 |
| Additions | - | 2,638,060 |
| Transfers to Leasehold Improvements | (109,303) | (7,643,846) |
| Closing carrying amount | <u>-</u> | <u>109,303</u> |
| <i>Capitalised leasehold costs</i> | | |
| Opening carrying amount | 163,940 | 144,868 |
| Additions | 135,616 | 19,728 |
| Depreciation expense | (656) | (656) |
| Closing carrying amount | <u>298,900</u> | <u>163,940</u> |
| <i>Total property, plant and equipment</i> | | |
| Carrying amount at 1 November 2010 | 29,909,966 | 26,607,450 |
| Additions | 4,413,232 | 4,250,659 |
| Disposals | (39,721) | (48,895) |
| Depreciation expense | (1,133,878) | (899,248) |
| Carrying amount at 31 October 2011 | <u>33,149,599</u> | <u>29,909,966</u> |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 | 2010 |
|-----------------------------------|-----------------|-----------------|
| | \$ | \$ |
| NOTE 10: INTANGIBLE ASSETS | | |
| Goodwill at cost | 593,794 | 143,794 |
| Provision for impairment loss | <u>(20,571)</u> | <u>(20,571)</u> |
| | 573,223 | 123,223 |
| Gaming Entitlements deposit | 242,067 | 208,146 |
| Lease acquisition costs | 80,000 | 80,000 |
| Accumulated amortisation | <u>(44,956)</u> | <u>(41,771)</u> |
| | 35,044 | 38,229 |
| Total intangible assets | <u>850,334</u> | <u>369,598</u> |

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

| | | |
|-------------------------|----------------|----------------|
| <i>Goodwill at cost</i> | | |
| Opening balance | 123,223 | 123,223 |
| Additions | <u>450,000</u> | <u>-</u> |
| Closing balance | <u>573,223</u> | <u>123,223</u> |

| | | |
|----------------------------|----------------|----------------|
| <i>Gaming Entitlements</i> | | |
| Opening balance | 208,146 | 208,146 |
| Additions | <u>33,921</u> | <u>-</u> |
| Closing balance | <u>242,067</u> | <u>208,146</u> |

| | | |
|--------------------------------|----------------|---------------|
| <i>Lease acquisition costs</i> | | |
| Opening balance | 38,229 | 38,229 |
| Amortisation expense | <u>(3,185)</u> | <u>-</u> |
| Closing balance | <u>35,044</u> | <u>38,229</u> |

NOTE 11: OTHER ASSETS

CURRENT

| | | |
|---------------------------|----------------|----------------|
| Prepayments | 379,109 | 159,990 |
| Unexpired Contra Services | <u>65,829</u> | <u>56,794</u> |
| | <u>444,938</u> | <u>216,784</u> |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 \$ | 2010 \$ |
|-------------------------------|------------------|------------------|
| NOTE 12: PAYABLES | | |
| CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Trade creditors | 6,853,259 | 6,651,827 |
| Sundry creditors and accruals | <u>594,203</u> | <u>1,154,822</u> |
| | <u>7,447,462</u> | <u>7,806,649</u> |
| NON CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Other payables | <u>416,290</u> | <u>416,290</u> |

NOTE 13: BORROWINGS

| | | |
|----------------------------|------------------|------------------|
| CURRENT | | |
| <i>Secured liabilities</i> | | |
| Commercial bill | 4,250,000 | 5,000,000 |
| Other loan | <u>1,600,000</u> | <u>100,000</u> |
| | <u>5,850,000</u> | <u>5,100,000</u> |

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The above financial instruments are secured by:

- a) A registered company charge by Westpac Banking Corporation over the assets of Footscray Football Club Limited to the amount of \$5,000,000 and;
- b) A standard guarantee and indemnity limited to \$5,000,000 by the Australian Football League in favour of the Westpac Banking Corporation.
- c) A fixed and floating charge in favour of Tabcorp Investments No. 6 Pty Ltd over the assets of The Peninsula Club operated at the former Dromana-Red Hill RSL.

NOTE 14: PROVISIONS

| | | |
|---|--------------------|----------------|
| CURRENT | | |
| Employee benefits | (a) <u>497,530</u> | <u>457,062</u> |
| NON CURRENT | | |
| Employee benefits | (a) <u>58,830</u> | <u>88,549</u> |
| (a) Aggregate employee benefits liability | 556,360 | 545,611 |



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| 2011 | 2010 |
|-------------|-------------|
| \$ | \$ |

NOTE 15: OTHER LIABILITIES

CURRENT

| | | |
|-------------------|--------|---------|
| Income in Advance | 36,775 | 104,686 |
|-------------------|--------|---------|

NOTE 16: RETAINED EARNINGS

| | | |
|--|------------|------------|
| Retained earnings at beginning of year | 22,487,018 | 12,777,949 |
| Net profit | 877,175 | 9,709,069 |
| | 23,364,193 | 22,487,018 |

NOTE 17: RELATED PARTY TRANSACTIONS

The company has a related party relationship with its key management personnel and their associated entities. The company has a related party relationship with the Western Bulldogs Forever Foundation, and entity for which Dr Susan Alberti AO HonLLD is a director.

A number of key management personnel of the company, or their related parties, hold positions in other entities that result in them having control of significant influence over the financial reporting policies of these entities.

One of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with directors and their related parties were no more favourable than those available, or which might reasonably be expected to be available on an arm's length basis.

The aggregate amounts recognised during the financial year relating to key management personnel and their related parties were as follows.

(a) Loans and other transactions with key management personnel

| | | |
|---------------------------------------|---------|-----------|
| Corporate Sponsorship | 148,500 | 138,600 |
| Donations in relation to Whitten Oval | - | 923,791 |
| | 148,500 | 1,062,391 |

The above transactions are in relation to Dr Susan Alberti AO Hon LLD as Director of GoldAge Pty Ltd which in the current year provided sponsorship to the company (2010: Sponsorship and donation receipts for the Whitten Oval Redevelopment from the Western Bulldogs Forever Foundation, an entity in which Dr Susan Alberti AO Hon LLD is a director.

(b) Each director is a fully paid up member of the Club and from time to time may purchase tickets to Club events and functions at normal member rates.



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

| | 2011 | 2010 |
|--|-------------|-------------|
| | \$ | \$ |

NOTE 18: CONTINGENT LIABILITIES

(a) Non-cancellable operating lease commitments contracted for but not capitalised in the financial statements

| | | |
|---|------------------|------------------|
| Not later than one year | 259,545 | 578,967 |
| Later than one year but not later than five years | 447,445 | 790,447 |
| Later than five years | <u>1,004,635</u> | <u>1,115,119</u> |
| | <u>1,711,625</u> | <u>2,484,533</u> |

Operating lease commitments include the lease of the property located at Whitten Oval, 417 Barkly Street, Footscray West, venues operated by the club and plant and equipment used in the operations of the club.

(b) Gaming Machine Entitlements

| | | |
|---|------------------|------------------|
| Not later than one year | 852,643 | - |
| Later than one year but not later than five years | 3,330,336 | 3,125,000 |
| Later than five years | <u>416,287</u> | <u>825,000</u> |
| | <u>4,599,266</u> | <u>3,950,000</u> |

The company has a total commitment of \$4.84million in respect of gaming machine entitlements. As at 31 October 2011, \$4.59 million remains outstanding.

(c) Gaming Machine Commitments

| | | |
|---|-------------------|-------------------|
| Not later than one year | 290,273 | - |
| Later than one year but not later than five years | 5,072,785 | 4,038,090 |
| Later than five years | <u>8,449,989</u> | <u>9,774,957</u> |
| | <u>13,813,047</u> | <u>13,813,047</u> |

(d) Player Payments

Due to the contract terms varying considerably amongst players, it is not practicable to reliably measure the future commitments under player contracts.

(e) Whitten Oval Redevelopment

During the previous financial year, the Company entered into an agreement with the Victorian University to occupy and use certain space at the redeveloped Whitten Oval on a long term arrangement. In the event of termination, this agreement provided for a contribution refund starting at \$7,671,450 which included the upfront premises contribution \$5,921,450 and an amount representing Victoria Universities fit out costs (\$1,750,000).

The fit-out contribution of \$1,750,000 reduces by \$175,000 per annum over a 10 year period, whilst the premises contribution reduces over a period of 18 years.

Total amounts payable at 31 October 2011 in the event of termination are \$5,830,202 for the premises contribution and \$1,575,000 for the fit-out contribution.



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end the Western Bulldogs have received confirmation that they will receive total assistance from the AFL of \$2.87 million from the New Club Future Fund which is predominantly tagged to specific initiatives. This replaces the Annual Special Distribution previously received from the AFL. This is to be paid during the 2012 financial year subject to certain criteria being met.

NOTE 20: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the company.



DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 - 30, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 31 October 2011 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____

David Smorgon OAM

Director: _____

Ian Veal

Dated this 22nd November 2011



PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

**FOOTSCRAY FOOTBALL CLUB LIMITED TRADING AS WESTERN BULLDOGS
ABN 68 005 226 595**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FOOTSCRAY FOOTBALL CLUB LTD TRADING AS WESTERN BULLDOGS**

We have audited the accompanying financial report of Footscray Football Club Ltd trading as Western Bulldogs, which comprises the statement of financial position as at 31 October 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



**FOOTSCRAY FOOTBALL CLUB LIMITED TRADING AS WESTERN BULLDOGS
ABN 68 005 226 595**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FOOTSCRAY FOOTBALL CLUB LTD TRADING AS WESTERN BULLDOGS**

Opinion

In our opinion, the financial report of Footscray Football Club Ltd trading as Western Bulldogs is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 October 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

P A JOSE

Partner

22 November 2011

PITCHER PARTNERS

Melbourne



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WESTERN BULLDOGS
2011 FINANCIAL REPORT